

CITY BUDGET SUMMARY

Introduction

The City Budget Summary Section of the Annual Budget is essentially a numerical summation of the entire document. It describes the sources of revenue which the City receives, the uses of those resources, and the employee staffing to provide services.

A discussion of organization budget policies and a glossary of terms is available at the end of this section as an aid to understanding the information contained in this budget.

City Profile

Location

The City of Fresno, population 427,652, is located in the heart of California's Central Valley and occupies approximately 102 square miles.

Historical Background

The area now known as the City of Fresno first became property of the United States in 1846, as a result of the Mexican War. Derived from the Spanish word for "ash tree", the City of Fresno was incorporated October 12, 1885. In the 1860's, a series of canals stretching from the Kings River delivered the water necessary to transform a once barren desert into what is now known as one of the nations richest agricultural areas, an area that is responsible for approximately seven percent of the total value of annual agricultural production in the United States.

Form of Government

The City of Fresno operates under the strong Mayor form of government. Under this type of government, the Mayor serves as the City's chief executive officer. The mayor's duties include appointing and overseeing the City Manager, recommending legislation, and presenting the annual budget to the City Council.

A seven-member City Council is responsible for the City's legislative functions. The City Council's powers include appointment of the City Attorney and City Clerk, the authority to make all laws involving municipal affairs, and the control of all of the City's legal business and proceedings.

Economic Characteristics

The Fresno metropolitan area has a diverse economic base. The base consists mainly of agriculture, service industries, trade industries, and governmental services.

Agricultural employment accounts for approximately 20 percent of total employment in the Fresno area, as compared to three percent at the State level.

The rapid growth of Fresno's population over the last ten years contributed to the services sector capturing approximately 21 percent of total employment. This has been especially true in the healthcare industry. Fresno Community Hospital & Medical Center, Beverly

Health & Retirement Systems, and Saint Agnes Medical Center are three of the top ten Fresno Employers.

Trade industries account for approximately 19 percent of total employment in Fresno. Fresno is home to the headquarters of Gottschalk's, the largest independent department store chain in California. In addition to Gottschalk's, the Gap, Inc. has opened the first two phases of their Western Distribution Center in Fresno. The third phase is currently under construction. When all five phases of the Gap's distribution center are complete, it is anticipated that approximately 1,700 jobs will have been created.

The government sector provides nearly 19 percent of the total employment in Fresno. Fresno is not only home to State and Federal regional offices, but is also home to the Internal Revenue Service Western Processing Center. The City of Fresno, the County of Fresno, and the Internal Revenue Service are on the list of top ten employers in Fresno.

Composition

Fresno's agricultural base and low housing costs have long been contributing factors to the immigration of many different races and ethnic cultures to the area. As the table below illustrates, the City of Fresno exceeds the national average in racial and cultural diversity.

| RACIAL AND ETHNIC COMPOSITION | | |
|-------------------------------|---------------|----------------------|
| <u>Ethnicity</u> | <u>Fresno</u> | <u>United States</u> |
| White | 37.3% | 65.2% |
| Hispanic or Latino | 39.9% | 12.5% |
| Black | 8.0% | 12.3% |
| Native American | 0.8% | 0.9% |
| Asian or Pacific Islander | 11.1% | 3.7% |
| Other | 2.9% | 5.5% |

Resources

The total amount of money received by the City of Fresno in all appropriated funds is shown on this page. The information encompasses a three-year period: FY 00 Actual Revenue receipts, FY 01 Amended Revenue, and FY 02 Expected Revenue. The total net resources amounts represent all the revenue available to pay for services and capital projects. It excludes interfund transfers.

| | FY 00 Actual | FY 01 Amended | FY 02 Adopted | Percent Change |
|----------------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Resources | | | | |
| Beginning Balance | \$ 174,753,300 | \$ 131,380,200 | \$ 170,410,600 | 29.7 |
| Local Taxes | | | | |
| Property Taxes | 35,065,400 | 41,912,000 | 43,264,000 | 3.2 |
| Sales Tax | 50,656,600 | 54,598,500 | 57,711,200 | 5.7 |
| Business License Tax | 11,381,200 | 11,701,000 | 12,296,000 | 5.1 |
| Other Taxes | 11,336,300 | 11,569,000 | 12,729,200 | 10.0 |
| Total Local Taxes | 108,439,500 | 119,780,500 | 126,000,400 | 5.2 |
| Charges for Services | 164,623,800 | 166,080,800 | 178,277,400 | 7.3 |
| Federal Government | 23,869,500 | 116,093,500 | 102,412,300 | (11.8) |
| State of California | 45,568,000 | 63,334,900 | 77,016,400 | 21.6 |
| Fresno County | 1,039,000 | 154,000 | 124,000 | (19.5) |
| Other Revenues | 75,329,600 | 70,912,800 | 71,564,600 | 0.9 |
| Total Net Resources | \$ 593,622,700 | \$ 667,736,700 | \$ 725,805,700 | 8.7 |

Total City Budget

The total budget for all appropriated funds within the City of Fresno is shown on this page. The information encompasses a three-year period: FY 00 Actual Expenses, FY 01 Amended Budget, and FY 02 Adopted Budget. The amounts shown as Total Net City budget represent the "net" budget after all interdepartmental charges are removed.

Appropriations by Fund Type

| Type of Fund | FY 00 Actual | FY 01 Amended | FY 02 Adopted | Percent Change |
|---------------------------------|-----------------------|-----------------------|-----------------------|-------------------|
| General Fund | \$ 155,681,400 | \$ 165,209,600 | \$ 173,643,900 | 5.1 |
| Special Revenues | 34,325,800 | 93,127,900 | 99,763,600 | 7.1 |
| Debt Service | 33,037,800 | 29,054,500 | 28,850,500 | (0.7) |
| Capital Project | 2,962,300 | 23,517,100 | 17,053,700 | (27.5) |
| Enterprise | 257,016,900 | 291,338,900 | 339,415,100 | 16.5 |
| Internal Service | 71,423,100 | 87,863,500 | 86,992,200 | (1.0) |
| Expendable Trust | 34,829,300 | 44,690,700 | 48,347,800 | 8.2 |
| Total Appropriations | \$ 589,276,600 | \$ 734,802,200 | \$ 794,066,800 | 8.1 |
| Less: Interdepartmental Charges | 64,565,800 | 67,065,500 | 68,261,100 | |
| Total Net City Budget | \$ 524,710,800 | \$ 667,736,700 | \$ 725,805,700 | |

Net Budget by Department

All departments of the City of Fresno are shown on this page. The information encompasses a three-year period: FY 00 Actual Expenses, FY 01 Amended Budget, and FY 02 Adopted Budget, as well as a percentage change between FY 01 and FY 02. The double-counted dollars are removed by subtracting interdepartmental charges, leaving a total of net appropriations.

| | FY 00 Actual | FY 01 Amended | FY 02 Adopted | Percent Change |
|---|-----------------------|-----------------------|--------------------------|-------------------|
| City Council | \$ 2,822,000 | \$ 4,532,600 | \$ 3,085,000 | (31.9) |
| Mayor Department | 390,000 | 486,600 | 559,900 | 15.1 |
| Administrative Services Department | 118,747,000 | 134,398,800 | ^a 174,710,300 | 30.0 |
| City Attorney's Office | 2,791,700 | 2,962,000 | 3,372,100 | 13.8 |
| City Clerk's Office | 562,700 | 561,100 | 612,400 | 9.1 |
| City Manager's Office | 3,989,800 | 4,492,100 | 5,471,300 | 21.8 |
| Convention Center | 13,496,100 | 10,881,700 | 11,304,500 | 3.9 |
| Development Department | 7,527,200 | 8,444,700 | 8,900,800 | 5.4 |
| Fire Department | 23,321,300 | 26,155,400 | 27,246,500 | 4.2 |
| Housing and Neighborhood Revitalization Department | 15,836,200 | 19,492,500 | 22,591,400 | 15.9 |
| Information Services Department | 12,110,800 | 14,515,900 | ^b 0 | (100.0) |
| Nondepartmental Department | 27,256,700 | 26,736,300 | 0 | (100.0) |
| Parks, Recreation, and Community Services Department | 23,022,200 | 26,371,900 | 31,477,400 | 19.4 |
| Police Department | 79,416,400 | 90,588,800 | 91,973,400 | 1.5 |
| Public Utilities Department | 144,459,000 | 172,946,800 | 196,776,700 | 13.8 |
| Public Works Department | 33,887,500 | 105,813,200 | 108,361,100 | 2.4 |
| Transportation Department | 79,640,000 | 85,421,800 | 107,624,000 | 26.0 |
| Total City Program Costs | \$ 589,276,600 | \$ 734,802,200 | \$ 794,066,800 | 8.1 |
| Less: Interdepartmental Charges | 64,565,800 | 67,065,500 | 68,261,100 | |
| Net Operating Budget | \$ 524,710,800 | \$ 667,736,700 | \$ 725,805,700 | |

City services are provided by employees in two major employment categories: permanent and nonpermanent

^aThe Information Services Department (ISD) was reorganized as a Division in the Administrative Services Department in FY 02. The narrative section of this document presents ISD separately to preserve the strategies and goals of the organizational unit.

The Administrative Services Department Citywide Totals include \$10,915,800 budgeted for Workers' Compensation and Unemployment. The narrative section reports budgeted amounts net of these items.

^bThe Housing and Neighborhood Revitalization Department Totals include \$2,500,000 budgeted for the CHDO Program. The narrative section reports budgeted amounts net of this program.

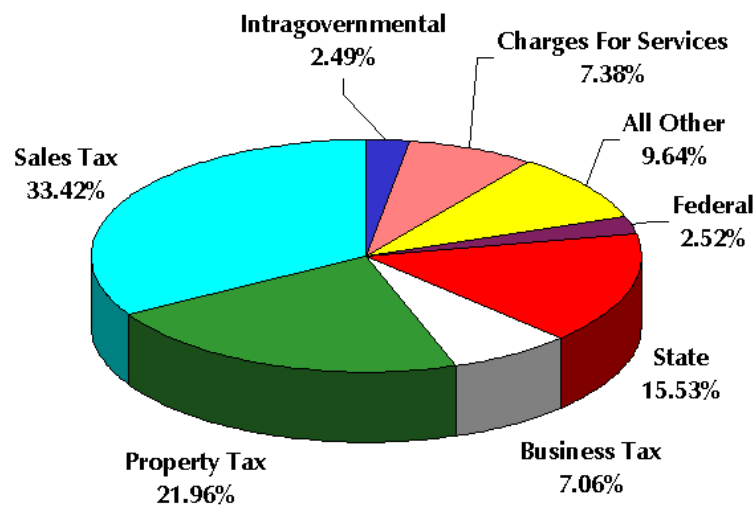
Authorized Full-Time Equivalent

(wages). The conversion to full-time equivalent takes into account the amount of time during the year the permanent position is authorized and the number of hours budgeted for nonpermanent (wages). The FY 01 Amended figures below represent the positions added in the FY 01 Adopted budget as full year positions. The FY 02 figures represent adopted positions at anticipated fill dates, which may be less than full year. The numbers reflect any FY 01 and FY 02 reorganizations for any departments where they occurred.

| | FY 00 Actuals | FY 01 Amended | FY 02 Adopted | Number Change |
|---|------------------|------------------|------------------|------------------|
| City Council | 30.97 | 32.09 | 31.09 | (1.00) |
| Mayor's Office | 4.00 | 7.00 | 7.00 | 0.00 |
| Administrative Services Department | 284.11 | 287.62 | 353.32 | 65.70 |
| City Attorney's Office | 31.80 | 34.00 | 35.50 | 1.50 |
| City Clerk's Office | 6.00 | 6.00 | 6.00 | 0.00 |
| City Manager's Office | 23.00 | 23.00 | 36.75 | 13.75 |
| Convention Center | 39.60 | 41.81 | 45.90 | 4.09 |
| Development Department | 88.50 | 92.00 | 94.25 | 2.25 |
| Fire Department | 275.00 | 284.50 | 285.25 | 0.75 |
| Housing and Neighborhood Revitalization Department | 148.12 | 159.42 | 160.48 | 1.06 |
| Information Services Department | 68.38 | 67.11 | 0.00 | (67.11) |
| Nondepartmental | 11.00 | 11.00 | 0.00 | (11.00) |
| Parks, Recreation, and Community Services Department | 338.51 | 339.30 | 337.03 | (2.27) |
| Police Department | 1,041.45 | 1,070.89 | 1,071.89 | 1.00 |
| Public Utilities Department | 556.20 | 552.57 | 541.05 | (11.52) |
| Public Works Department | 213.47 | 244.23 | 251.56 | 7.33 |
| Transportation Department | 382.63 | 417.07 | 420.54 | 3.47 |
| Total Authorized Full-Time Equivalent | 3,542.74 | 3,669.61 | 3,677.61 | 8.00 |

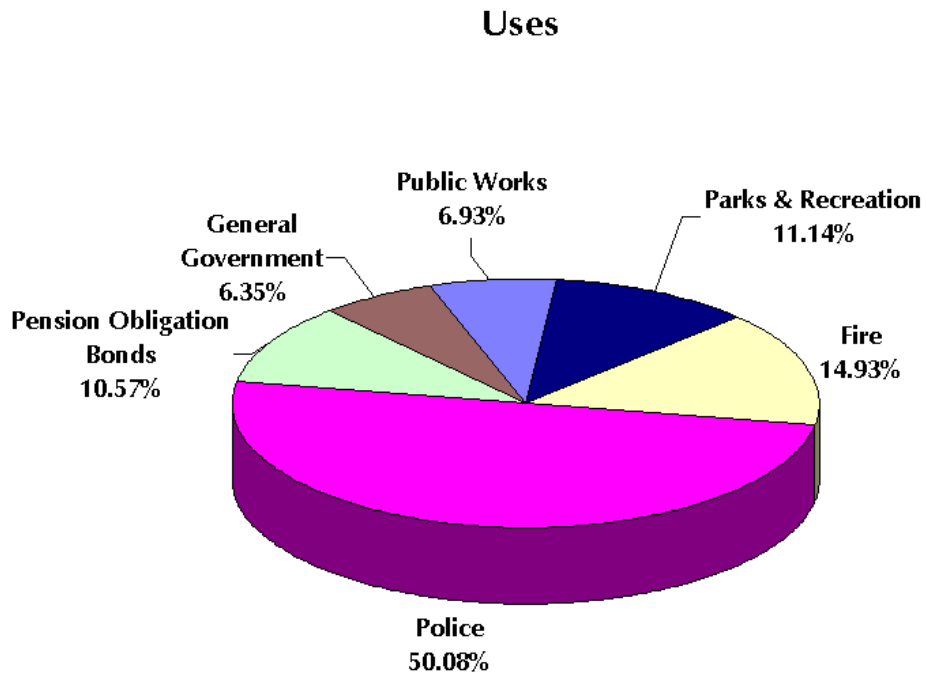
General Fund Budget Dollars

Sources



The graph above depicts the sources of General Fund revenue for FY 02 by major category. As shown, there are several sources of revenue that flow into the General Fund of the city. These dollars may be used for any purpose. The two major sources in revenue, sales tax and property tax, comprise slightly more than half of the total. Federal and State sources account for a little more than 18 percent in FY 02. The remainder consists of payments for service from non-General Fund departments, charges for services, business tax, and miscellaneous revenues.

General Fund Budget Dollars



The graph above shows the recommended uses of FY 02 General Fund revenue. The largest use of the General Fund is paying for public safety, Police and Fire, which comprises 65 percent of the budget. The next largest category is for the Pension Obligation Bonds, 10.6 percent. The next two categories are Parks and Recreation, 11.1 percent, and Public Works, 6.9 percent. The remaining 6.3 percent is used for general government, economic development, and Citywide expenditures such as debt service on the Selland Arena Expansion bonds and the Blosser Property judgement bonds.

General Fund Budget Overview

(in thousands of dollars)

| | FY 00 Actual | FY 01 Amended | FY 01 Estimated | FY 02 Adopted |
|-------------------------------------|-------------------|-------------------|--------------------|-------------------|
| RESOURCES | | | | |
| One-Time Resources | | | | |
| Carryover | \$ (356) | \$ 965 | \$ 1,023 | \$ 1,680 |
| Prior-Year Adjustment | 0 | 2,646 | 2,646 | 1,141 |
| Total One-Time Resources | \$ (356) | \$ 3,611 | \$ 3,669 | \$ 2,821 |
| Operating Revenue | | | | |
| Sales Tax | \$ 48,961 | \$ 52,789 | \$ 52,791 | \$ 55,800 |
| Prop 172 Sales Tax | 1,678 | 1,809 | 1,809 | 1,911 |
| Property Tax | 35,065 | 36,811 | 36,818 | 37,922 |
| Property Tax Override | 5,106 | 5,259 | 5,259 | 5,417 |
| Motor Vehicle In-Lieu | 20,289 | 22,022 | 22,035 | 23,577 |
| Business Tax | 11,381 | 11,601 | 11,841 | 12,196 |
| Franchise Tax | 3,794 | 3,829 | 4,054 | 4,196 |
| Other Local Taxes | 4,021 | 4,071 | 4,182 | 4,307 |
| Card Room Receipts | 648 | 669 | 691 | 726 |
| Charges for Current Services | 5,316 | 5,059 | 5,780 | 5,382 |
| Enterprise In-Lieu Fees | 7,289 | 8,034 | 8,034 | 8,601 |
| Intergovernmental Revenues | 8,469 | 7,734 | 7,628 | 7,734 |
| CDBG | 50 | 0 | 0 | 0 |
| Intragovernmental Revenues | 4,667 | 1,099 | 1,424 | 2,054 |
| All Other | (38) | 813 | 100 | 51 |
| Total Operating Revenue | \$ 156,696 | \$ 161,599 | \$ 162,446 | \$ 169,874 |
| TOTAL RESOURCES | \$ 156,340 | \$ 165,210 | \$ 166,115 | \$ 172,695 |
| EXPENDITURES | | | | |
| Operating Expenditures | | | | |
| Employee Services | \$ 99,425 | \$ 102,190 | \$ 103,747 | \$ 110,920 |
| Pension Obligation Bonds | 20,843 | 18,258 | 18,258 | 16,449 |
| Operations & Maintenance | 14,342 | 15,344 | 15,148 | 16,202 |
| Interdepartmental Charges | 18,965 | 22,011 | 21,955 | 22,746 |
| Transfer, Loans, & Cont. | 0 | 2,453 | 1,000 | 1,883 |
| Capital | 2,206 | 4,954 | 4,327 | 4,495 |
| Total Operating Expenditures | \$ 155,781 | \$ 165,210 | \$ 164,435 | \$ 172,695 |
| ENDING BALANCE | \$ 559 | \$ 0 | \$ 1,680 | \$ 0 |

NOTE: General Fund is reported balanced with the adoption of the 6th amendment to the Annual Appropriation Resolution No. 2001-200 recognizing a reduction in revenues due to the loss of ERAF relief from the State, recognition of anticipated savings in Pension Obligation Bond Costs, and a decrease in transfer to the Unappropriated Reserve-Economic Uncertainty Fund.

General Fund Budget Overview

The chart on the previous page depicts a summary of the actual, budgeted, and adopted General Fund Revenues and Expenditures for FY 00, FY 01, and FY 02 respectively. The revenue is depicted in two main categories, one-time resources and operating revenue. One-time resources for FY 02 consist of an estimated carryover of \$1.68 million from FY 01 and money from the State for booking fees previously paid. As part of the annual State budget, a provision continues to reimburse municipalities an amount equal to the booking fees paid to counties in FY 98. In addition, the Governor's proposed budget in January included funds for cities and counties to help offset the cost of ERAF diversion. The amount diverted from the City is approximately \$11 million and the amount proposed to be given to Fresno is \$1.9 million. However, due to the State energy crisis, this ERAF relief was removed from the Governor's May revised budget and was not included in the adopted state budget. To offset this loss, plus other budget increases, anticipated savings in interest costs on the Pension Obligation Bonds will be used. Bond covenants require that a certain amount be budgeted for this cost. Interest rates have dramatically decreased in the past several months reducing the actual cost on these variable interest rate bonds. Operating revenues include such things as sales tax, property tax, and charges for services. Even though some police grants are expiring in FY 02, other grants have been secured for General Fund operations so the Intergovernmental Revenues show a small increase.

The Operating Expenses are displayed by major expense categories such as Employee Services, Operations and Maintenance, Interdepartmental Charges, etc. The Pension Obligation Bond debt service is budgeted at the same level as in FY 01 due to bond covenants. However, favorable interest rates will mean savings which will be used to balance the adopted budget. The leveling off of this annual debt service has eased the strain placed on new General Fund revenues and the declining police grants. The adopted budget includes an additional \$850,000 for youth activities, \$250,000 for senior services, \$150,000 for a Film Commission, as well as estimates for anticipated increases in salaries and other operating costs, especially energy costs.

The Adopted General Fund Budget for FY 02 is balanced as shown on the chart.

Fiscal Outlook

At this point in time it is impossible to predict how the California energy crisis will impact the City's fiscal outlook. At a minimum, the cost of doing business is going to increase significantly. Estimated increases have been included in the budget but may not be sufficient to cover the costs. If not, either reserves will be used to cover the costs or services will need to be reduced to save costs. The longer term impact on the local economy and City revenues is unclear.

Prior to the energy crisis, the economic outlook was encouraging, with higher than anticipated increases in several revenue categories such as sales tax. As a result, the projections for operating revenues are projected to grow slightly more than 4.5 percent in FY 02, after anticipated growth of 3.7 percent in FY 01.

Budget Policies

Budget Control

The City operates under the strong-Mayor form of government. Under the strong-Mayor form of government, the Mayor serves as the City's Chief Executive Officer, appointing and overseeing the City Manager, recommending legislation and presenting the annual budget to the City Council.

The budget of the City of Fresno, within the meaning and context of Section No. 1206 of the Charter, must be adopted by resolution by the City Council:

- < As provided by Section 1206 of the Charter, any adjustments in the amounts appropriated for the purposes indicated at the department/fund level shall be made only upon a motion to amend the resolution adopted by the affirmative votes of at least five Council members.
- < Administrative changes within the department/fund level may be made without approval of Council within written guidelines established by the Chief Administrative Officer.
- < For accounting and auditing convenience, accounts may be established to receive transfers of appropriations from department appropriations for capital improvements in two or more different funds for the same capital project.
- < Department appropriations in Intragovernmental Service Funds (ISF) may be administratively adjusted, provided no amendment to the resolution is required to adjust the appropriation in the department receiving the service from the ISF.
- < The funds allocated to the respective accounting object classes comprising the total appropriation for each division or department, are for purposes of budgeting consideration and are not intended to constitute separate appropriations. Funds allocated to an object class may be expended for the purpose of any other object class if such expenditures are within the written guidelines established by the Chief Administrative Officer.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue

funds, and certain debt service funds are included in the annual appropriated budget. Project-length financial plans are adopted for certain capital project funds. The level of budgetary controls (the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the department level by major expenditure category through an encumbrance system prior to the release of purchase orders to vendors. Purchase orders that result in an overrun of department-level balances by object are not released until additional appropriations are made available. Open encumbrances at June 30, are reported as reservations of fund balance in the Comprehensive Annual Financial Report (CAFR).

Fund Structure

The budget document is organized to reflect the fund structure of the City's finances. Fund revenues and expenditures are rolled up to the various object levels by division and department for presentation of information to the public. Budget adoption and subsequent administration is carried out on a fund basis.

Basis of Accounting

The City adopts an annual budget for the General Fund, Special Revenue Funds, Debt Service Funds (except Financing Authorities & Corporations and City Debt Service), and Capital Projects (except Financing Authorities & Corporations). These budgets are adopted on the cash basis. Supplemental appropriations during the year must be approved by the City Council. Budgeted amounts are reported as amended.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in the Governmental Funds. Encumbrance accounting is utilized for budgetary control and accountability and to facilitate cash planning and control. Encumbrances outstanding at year end are reported as reservations of fund balances, as they do not constitute expenditures or liabilities.

Each of the funds in the City's budget has a separate cash balance position. Reserves represent those

Budget Policies

portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. The cash reserve position is a significant factor evaluated by bond rating agencies assessing the financial strength of an organization. Cash reserve amounts and trends, represent the continued ability of a city to meet its obligations and facilitate the requirements for a balanced budget.

The Internal Service Funds are used to account for the financing, on a cost-reimbursement basis, of goods or services provided by one department to other departments within the City of Fresno.

- < General Service Fund accounts for the Internal Service Fund activities of the City of Fresno, including printing, fleet management, property maintenance, data processing support, and electronics and communication support.
- < Risk Management Fund accounts for the City's self-insurance provided to all City departments, including provision for losses on property, liability, workers' compensation, unemployment compensation, and health and welfare programs.
- < Billing and Collection Fund accounts for the billing, collecting, and servicing activities for the Water, Sewer, Solid Waste, and Community Sanitation Funds.

The Debt Service Fund pays expenditures related the City's General Obligation debt. Debt service payments on existing City debt is the first obligation of the Debt Service Fund. Based on revenue estimates and assuming a constant property tax levy, the remaining resources of the fund may be used to assume debt obligations for new capital projects or pay for capital project expenses in the form of temporary notes which are retired in the same year (pay-as-you-go financing).

Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds. The City finances capital projects in a variety of ways: cash, general obligation bonds/notes, revenue bonds and grants. Based on Generally Accepted Accounting

Principles (GAAP), the debt service payments for General Obligation debt are spread either to the Debt Service Fund or the various enterprise and internal service funds, as appropriate.

Budget Development

| <u>BUDGET CALENDAR</u> | |
|---|-----------------------|
| Base Budgets Developed | December/January |
| Base Budget Rollout to Departments | January 29, 2001 |
| Department Budget Submissions | February 23, 2001 |
| City Manager Review Meetings | March |
| Mayor's Proposed Budget Presented to Council, Departments, & Public | May 1, 2001 |
| Council Public Hearings | May/June |
| Budget Adopted | No later than June 30 |

The preparation of the FY 02 budget document is the result of a citywide effort. Each department is presented with an operating base budget that is used as the foundation for building their requests for the operations of their organizations. All one-time expenditure increases are removed, except for those demonstrable and mandatory. Employee services is costed out with current contractual salary increases agreed to in the memoranda of understanding with the various bargaining units. Premium Pay is handled as a zero-base item for FY 02, requiring an itemization of the methodology used to derive the individual requests. Operations and maintenance was not increased by a cost-of-living adjustment. Travel and training, special projects, minor capital, and contingencies are excluded from the base unless mandated or other special circumstances apply. Interdepartmental charges, lease purchase, and debt service are loaded centrally.

A five year capital budget is required from all departments. The purpose is to give the Mayor and Council a tool to plan for the future as well as to more realistically reflect the timing of many capital projects that take more than one year to complete. All capital budgets are built in compliance with the City's decision to use Project Costing to track the cost of doing

Budget Policies

business and associated revenues in either more detail or in different categories than what a General Ledger-only accounting system would provide. Project Costing uses structural elements that focus on activities including project types, activity types, and resource types. Project costing is available to track cost and revenue detail by Business Unit defined activities and categories, and it augments and expands General Ledger information; it does not replace it. Appropriation controls remain at the fund/organization level. The information provided by Project Costing is intended as a management tool to provide more timely, detailed, and accurate information to the Mayor, City Manager, Council, and the public.

Departments submit their requests to be analyzed and reviewed by the City's budget staff. Requests are evaluated based on individual operations, City funding resources, and the goals and strategies identified by each organization related to the impact on performance measures. Recommendations are presented to the Mayor and City Manager in a review meeting comprised of management representatives from each department and budget staff. Upon final decisions of format and content, the Mayor's Proposed Budget Document is printed and presented to Council for deliberation and adoption. The Adopted Budget Document is prepared to include all the various changes approved by the Council.

Revenue Estimation

Revenue estimates and the methodology for calculating the estimates varies depending on the source of revenue. Considerable weight is given to historical trends. This is important because of the uniqueness of the central valley and the composition of the Fresno economy which differs from the state in general. As an example, the recession which hit the state in the late 1980's did not hit Fresno until the early 1990's and the recovery occurred in the rest of California before it hit the central valley.

In the General Fund, sales tax revenues are the single largest revenue source. As such it is imperative to forecast as accurately as possible for even a single percent means a difference of \$500,000 to the fund. Historical trends as well as paying close attention to the local economy are two of the primary keys for projecting this revenue. The City has employed an

outside firm to verify that the City is receiving all of the sales tax revenue as well as provide an independent source for forecasting. The projections of the outside firm are not used in the budget but are used as a checking mechanism for internal projections. Historically sales tax has shown growth every year in the past twenty years except one, 1992. This stability, while reassuring, can lead to complacency.

The second largest revenue in the General Fund is property tax. This revenue has been more volatile in the last few years due primarily to mistakes made by the county in processing the tax receipts. This has made it difficult to predict this revenue source as growth has been much lower than anticipated not even reaching one percent some years. The main source for projecting this revenue is information received from the county. Again as in all budget revenue projections internal staff relies heavily on historic trends as well as local developments. The biggest hit to property tax revenues is the contributions to the state ERAF.

The third major source of revenue is Motor Vehicle in Lieu fees. When combined with sales and property taxes, the three equal nearly 74 percent of the ongoing revenue. The state has changed the process for providing this revenue source to the City but it continues to grow at a very healthy rate. For the current fiscal year the rate of growth was 12 percent. Historic trends are the primary forecast tool as well as the economy, since new car sales play a significant role in this revenue.

Budget Administration

The budget establishes appropriation and expenditure levels. Expenditures may be below budgeted amounts at year end, due to unanticipated savings in the budget development. The existence of a particular appropriation in the budget does not automatically mean funds are expended. Because of the time span between preparing the budget, subsequent adoption by the governing body, as well as rapidly changing economic factors, each expenditure is reviewed prior to any disbursement. These expenditure review procedures assure compliance with City requirements and provide some degree of flexibility for modifying programs to meet changing needs and priorities.

Budget Policies

Community Development Block Grant

| | FY 01 Estimated | FY 02 Adopted |
|---|----------------------|----------------------|
| Revenues | | |
| Program Entitlement | \$ 8,243,000 | \$ 8,559,000 |
| Program Income | 500,000 | 492,100 |
| Section 108 Loan Proceeds | 1,500,000 | 0 |
| Estimated Carryover | 5,274,200 | 3,548,200 |
| Total | \$ 15,517,200 | \$ 12,599,300 |
| Housing | | |
| Housing/Code Enforcement | \$ 3,668,300 | \$ 4,172,400 |
| Securing Properties | 90,000 | 90,000 |
| Residential Demolition | 30,000 | 30,000 |
| Affirmative Fair Housing | 50,000 | 50,000 |
| Total | \$ 3,838,300 | \$ 4,342,400 |
| Parks & Recreation | | |
| Pilibos Soccer Park | \$ 167,700 | \$ 107,700 |
| Children's Play Equipment | 50,000 | 206,400 |
| Parks Facility Roof Repair | 265,000 | 0 |
| Parks Facility Rehabilitation | 142,500 | 139,400 |
| Parks & Rec Facility Improvements-ADA | 52,600 | 208,000 |
| Parks Lighting | 0 | 100,000 |
| Senior Center | 100,000 | 0 |
| Calwa Recreation Center | 38,000 | 0 |
| Total | \$ 815,800 | \$ 761,500 |
| Public Works Facilities & Improvements | | |
| Concrete Reconstruction | \$ 1,132,900 | \$ 1,189,600 |
| Neighborhood Streets | 3,500,800 | 3,641,200 |
| Streetlight Relamping | 166,000 | 0 |
| Storm Water Basin | 3,300 | 3,300 |
| Council District Infrastructure | 195,700 | 0 |
| Total | \$ 4,998,700 | \$ 4,834,100 |

Community Development Block Grant

| | | FY 01 Estimated | FY 02 Adopted |
|----------------------------|----|--------------------|------------------|
| Public Services | | | |
| Police POP Teams | \$ | 1,206,800 | \$ 1,300,600 |
| Total | \$ | 1,206,800 | \$ 1,300,600 |
| Administration | | | |
| Development | \$ | 225,000 | \$ 225,000 |
| Administration | | 39,700 | 43,400 |
| Total | \$ | 264,700 | \$ 268,400 |
| Loan Repayment | | | |
| Section 108 Loan Repayment | \$ | 813,100 | \$ 1,010,000 |
| Total | \$ | 813,100 | \$ 1,010,000 |
| Private Projects | | | |
| Consumer Credit Counseling | \$ | 25,000 | \$ 25,000 |
| CARE Fresno | | 60,000 | 60,000 |
| Total | \$ | 85,000 | \$ 85,000 |

Note: This Citywide CDBG budget is placed here for presentation purposes only. The projects listed here are also found in the individual department's capital budget detail.

Glossary of Terms

Beginning Balance — The amount of money the City anticipated to have on July 1, 2001, to begin fiscal year 2001-2002.

Capital Budget — Major Capital Improvement projects, including the construction of new streets, sewer lines, fire stations, or the development of a new park. These are one-time expenditures.

Capital Projects — Funds that are used for Major Capital Improvement Projects (see Capital Budget).

Charges for Services — Monies the City receives as payment for services provided, such as sewer, solid waste, water, and building permits.

Enterprise Funds — Funds generated from user charges that support City services for which they were collected; such as water, sewer, and solid waste that are operated like a private business.

Federal, State, Fresno County — Monies the City expects to receive from these government entities.

Full-Time Equivalent (FTE) — The portion of the year that a position is authorized. For example, a position authorized from July 1 through July 30 would equal 1.0 full-time equivalent or one position for the entire fiscal year.

FY 00 Actual — The actual revenues received and expenses incurred for fiscal year ending June 30, 2000.

FY 01 Amended — The City Budget for fiscal year ending June 30, 2001.

FY 02 Adopted — The City Budget for the period July 1, 2001, through June 30, 2002.

General Fund — Monies from local property and sales taxes, and other revenue sources, that pay for City services, such as Police; Fire; and Parks, Recreation, and Community Services.

General Fund--Support — The amount of General Fund monies needed to support a department beyond the amount of revenue generated by the department.

General Fund--Fees and Charges — Revenue generated by charging for services provided by a General Fund department, such as park admissions, downtown mall maintenance, false alarm fees, licenses and permits issued by a department.

General Fund--Intergovernmental — Revenues received from other governments in the form of grants, allocations, entitlements, and shared revenues which are not charges or costs of City services or loan repayments. These revenues may also be listed in Section B of this document as coming from the named government entity; i.e. CDBG, Clovis Unified School District, Landscape Maintenance District, Measure "C", etc.

General Fund--Intragovernmental — Revenue generated by services provided by a General Fund department to another City department. For example, the Fresno Convention Center pays the Parks Division for grounds maintenance.

General Fund--Other — Miscellaneous revenue generated by a General Fund department; including private donations, disposal of assets, sales of lost or unclaimed property, refunds, and credits or refunds for returned equipment.

General Government — The administrative departments of the City, including the City Council; the City Manager's, City Clerk's, and City Attorney's Offices; and part of the Department of Administrative Services.

General Use Budget — The total amount the City spends at its discretion for services.

Interfund Transfer and Interdepartmental Charges — Interfund transfers are monies that are transferred from one fund to another fund as an accounting procedure. Interdepartmental charges are costs for services one City department provides another City department (see Intragovernmental Fund). These procedures result in a double counting of the same dollar which is budgeted in two places. By subtracting transfer and charge amounts, a dollar is then only counted once.

Glossary of Terms

Intragovernmental Funds (Internal Service Fund) — Funds for City services performed by one City department for another City department, such as City vehicle maintenance.

Local Taxes — Monies the City receives from taxes levied and/or collected locally, including property taxes and sales taxes.

Nondepartmental — Operating expenses that are Citywide and/or interdepartmental in nature, such as funds for the Pension Obligation Bonds, a General Fund contingency, and election expenses.

Operating Budget — City services and activities conducted yearly, such as police and fire protection and solid waste collection.

Other Revenue — Monies not included in the above categories, including interest, private donations, and the sale of assets and other miscellaneous revenue.

Resources — The total amount of money the City expects during the year to pay for services and capital projects.

Special Assessments — Funds generated through the formation of an assessment district to provide public improvements such as street construction and flood control.

Special Revenue — Funds from General Revenue Sharing, Community Development Block Grant, Gas Tax, and other federal and state funds granted for specific community programs such as pedestrian and bicycle facilities, parks development, and housing development and rehabilitation.

Trust and Agency — Funds that are held in trust by the City and whose use is restricted to the specific purpose for which the funds were received such as UGM area capital improvement, Woodward Park Legacy, and Conference Center Debt Service.

DEPARTMENT BUDGET SUMMARY

Department Budgets

Introduction

The Department Budget Summary section of the Annual Budget contains detailed information on the operating departments of the City of Fresno. Each department display of information includes basically the same array:

- An organization chart
- A narrative introducing the department and defining its purpose.
- An atlas showing a mission statement, goals, strategies, and performance measures for each division within the department
- A numerical summary of operating, capital, debt service, and FTEs at the department level
- A resource summary
- A summary of the division activities along with objectives and performance measures. The FY 00 Actuals , FY 01 Amended, and FY 02 Adopted appropriations and FTEs are displayed
- Division summaries with object level detail. This also includes a position table which shows type of position, FTEs for FY 00, FY 01 and FY 02, and average position cost.
- A five year capital section showing FY 01 estimates, FY 02 Adopted budget, and FY 03-06 planned projects

Both the department and division levels of information displayed show FY 00 actual, FY 01 amended, and FY 02 Adopted dollar amounts.

The **FY 00 actual** amounts represent expenditures incurred and revenues received during the previous fiscal year.

The **FY 01 amended** amounts represent the authorized appropriation and expected revenues approved by the City Council, as of the middle of April 2001, for the current fiscal year.

The **FY 01 estimates** in the capital section represent staff's best estimate of expenditures for FY 01 as of the end of March 2001.

The **FY 02 Adopted** amounts represent the appropriations which are required to fund the recommended level of service delivery in the coming fiscal year and the revenues to support those appropriations.

As a further aid to understanding the budget, a Glossary of Budget Terms is provided at the end of the City Budget Summary section.

City Organization Chart

